



Proposed Lease (Winston Heights/Mountainview) – Ward 4 (2502 6 ST NE)

IP2024-0040

2024 January 10

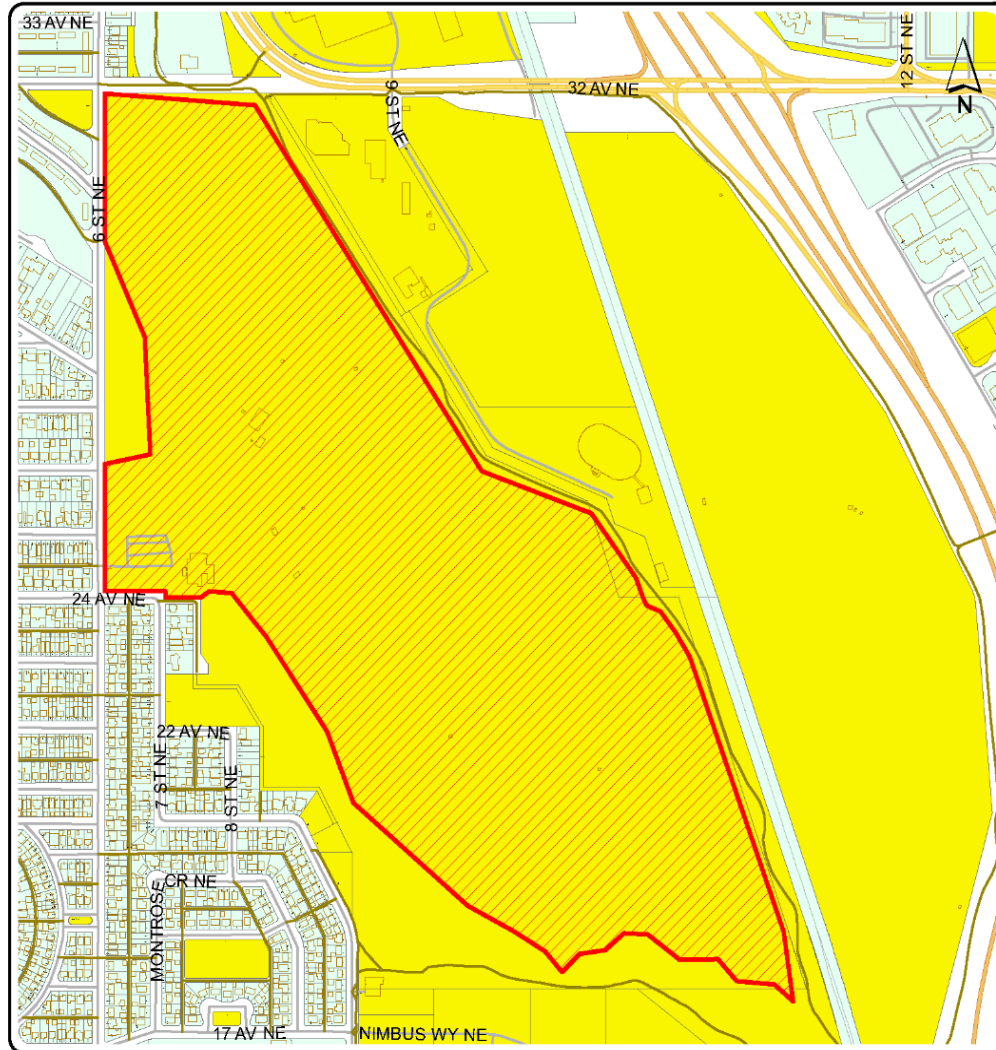
Previous Council Direction

On 2001 September 4, Council approved direction for a new lease with The Calgary Elks Lodge #4 Society of the B.P.O.E of Canada, the original tenant, (the “Elks Club”), for an initial term of ten (10) years with four (4) renewal options for a period of ten (10) years each. The lease was assigned on 2016 October 17 to 1973232 Alberta Ltd., and the company further changed its name to The Winston Golf Club Ltd. on 2016 October 28.

Recommendations

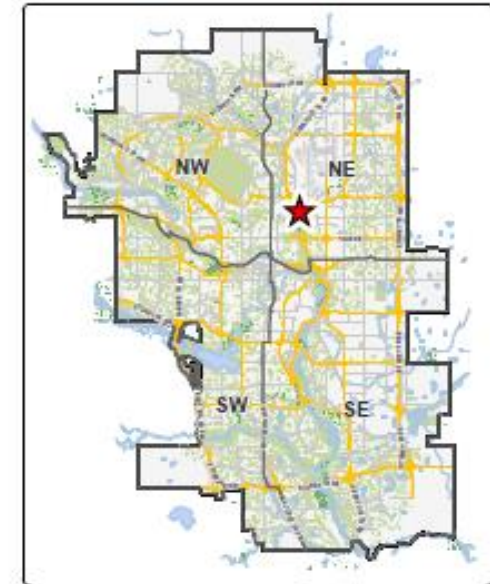
That the Infrastructure and Planning Committee recommends that Council:

1. Authorize the Recommendations as outlined in Attachment 3;
2. Direct that the Recommendations, Report and Attachments remain confidential pursuant to Sections 23 (Local public body confidences), 24 (Advice from officials), and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act* until the lease is executed.



Property
± 73.258 ha (± 181.03 ac)

City-Owned Land



Legend

2502 6 ST NE
NOT TO SCALE



2502 6 ST NE



- The Winston Golf Club Ltd. is located on a leased and City-owned 181-acre parcel of land situated within Nose Creek flood plain in the community of Winston Heights/Mountainview located east of 6 Street NE and north of 16 Avenue NE
- The golf course has offered an 18-hole golf course, driving range, and clubhouse since 1923.

Background

- The City's current lease of the 181-acre parcel of land to The Winston expired on 2021 June 30. The Winston continues to occupy and operate the property as a golf course.
- The Winston is a nonprofit public company that is a semi-private golf course with a minimum of 50% public tee times in adherence to The City's Public Use Policy; reported to The City annually.
- The current clubhouse is at the end of its life cycle and requires substantial renovations or demolition and construction of a new clubhouse.
- The current lease has expired and there is no overhold provision stipulated in the lease. Based on the risk presented by The City of Calgary's legal team, Administration decided to negotiate a new lease to address both the expired lease and attend to The Winston's request for a significantly extended term to enable capital investments on the property.

Background

- The extended lease term and renewal options will allow The Winston to perform capital investments and improvements with an amortization across a possible 50 years of occupation, which will better situate The Winston to attract new memberships.
- Real Estate and Development Services (“RE&DS”) requires a storm pond and maintenance access road to be constructed on the golf course to assist in the redevelopment and construction of Midfield Heights.
- The storm pond project has commenced and is projected to be completed in the spring of 2024. The Winston will be given a 3-month free rent period from 2024 April 01 to 2024 June 30 for granting The City of Calgary access to start construction on the golf course.

Background

- The proposed consideration for the property was based on an external appraisal. The initial lease rate is considered below market but will gradually increase by 7% every 5 years over the initial term of the lease for a blended lease rate within 3% of the market appraisal.
- The proposed lease will support The Winston through its challenging economic situation, during the construction of the storm pond, and in the required redevelopment of the clubhouse.
- The proposed lease to The Winston will ensure the continued provision of a quality year-round recreation facility to Calgarians, which has existed since 1923.
- Not approving this proposed lease will cause The City to risk losing a valued and well-used facility and well-established operator where the land is situated within the Nose Creek flood plain where alternate uses are limited.

Background

- Council approved RouteAhead, the thirty (30) year long-term strategic plan for Calgary's Transit which guides The City in providing safe, accessible, customer-focused transit service for Calgarians. There is a risk the Property's lands may be required in the planning and development of future RouteAhead alignments. To mitigate this low risk, the second and third option to renew the proposed lease is subject to The City determining if the Property is not required for any municipal purposes.
- The Winston may seek a mortgage on their leasehold interest during the term of the lease to perform tenant leasehold improvements such as construction of a new clubhouse. There is a risk that should the lease terminate early the improvements may not be complete and/or the mortgagee may assume the lease as the tenant. The risk to The City will be mitigated via a consent of mortgage agreement that will require the mortgagee to assume the lease and complete the improvements as approved by The City.

Recommendations

That the Infrastructure and Planning Committee recommends that Council:

1. Authorize the Recommendations as outlined in Attachment 3; and
2. Direct that the Recommendations, Report and Attachments remain confidential pursuant to Sections 23 (Local public body confidences), 24 (Advice from officials), and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act* until the transaction has been completed.